

Town Hall working to reduce \$185,000 deficit to zero

By Brock Weir

As Council gets ready to resume deliberations over Aurora's 2017 Budget next month, municipal staff are working towards getting a projected year-end budget deficit of just over \$185,000 down to zero.

With 2016 drawing to a close, Town Treasurer Dan Elliott says the Town is facing the shortfall, which accounts for 0.3 of one per cent of the tax rate this year, and is looking at alternative ways of bringing that down.

According to a report before Council this week, and presented to Councillors at the Committee level last Tuesday from Mr. Elliott, the deficit is coming in alongside with a surplus of \$815,700 of money set aside for utility operations.

“Staff will continue to strive to minimize this deficit before year end,” he said. “If required, any operating budget deficit that remains at fiscal year-end will be offset by an equivalent reduced contribution of excess supplementary tax revenues to reserves.”

Supplementary taxes are revenues taken in by the Town as part of current or previous year but were not accounted for in the assessment roll at the beginning of the year.

“During the 2016 budget development cycle, a methodology change was discussed with [the Executive Leadership Team (ELT)] and Council and ultimately implemented for the 2016 budget,” said Mr. Elliott on changes to how the Town budgets for supplementary tax revenues. “Council is well aware that we are currently experiencing a large spike in our development activity, which is expected to decline sharply in the next few years, and is expected to settle to all-time lows for the long-term.”

When Councillors took a first pass on Mr. Elliott's report last week, some were keen to highlight the fact efforts are being made to make a significant dent at the \$185,200 figure.

“I don't want that to be the headline of anything because that will be right-sized by the end of the year,” said Councillor Harold Kim, noting the changes to ease up on including supplementary revenue into the annual budget. “With any changes, there is a transition period. It is not going to work perfectly, but I daresay this year the budgeting from staff has been relatively good. We're getting ahead of the curve so that we are fiscally more conservative. As a result, I think our budget situation in Aurora now, and in future years, are in good shape.”

Councillor Michael Thompson, on the other hand, said if residents keep hearing the word “deficit” they have to know what Council is doing to “minimize our spending” and working to reduce the deficit.

“Not just what actions we have taken, but what actions we will continue to take because I am sure everybody around this table recognizes we have a fiduciary responsibility to take this very seriously and the word “deficit” concerns us all,” he added.

While CAO Doug Nadorozny said there hasn't been as much movement as they would like, conversations have been “active” among the ELT.

“There are a number of things we have employed and will employ throughout the remainder of the year to further reduce that \$185,000 number,” said Mr. Nadorozny. “We have delayed the hiring of some vacancies to create a little bit more gap. Even though there is already a budgeted amount for gap, we are hopefully going to exceed that temporarily as a reaction to the situation we're in right now. We remain confident that we will further reduce that number and achieve zero.”

This raised a concern with Councillor Wendy Gaertner who said while she is glad they are moving in that direction, spending needed this year should not be pushed off until 2017 because that could cause problems later on.

At the end of the day, for Council, it was all about making sure enough money remains in reserves to account for the future.

Although not in favour of the idea himself, Mayor Geoff Dawe asked whether the \$815,700 surplus in the utilities budget could be used to offset the deficit, which Mr. Elliott said was against budgeting principles in that it had to go back to reserves.

“We're looking at changing how we do our budgeting, we're looking at right sizing and that has an impact. To use a horrible phrase, it is short term pain for long term gain. Nobody wants to see the D word. I think Council needs to take all those factors into consideration.”

Added Councillor Gaertner: “There were nine years of a zero per cent tax increase that compromised our reserves and we are now in a position where we have to build those reserves up. We really don't have a choice.”